Annual Report 1974 Ashland Oil Canada Limited

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Proposed tax amendments

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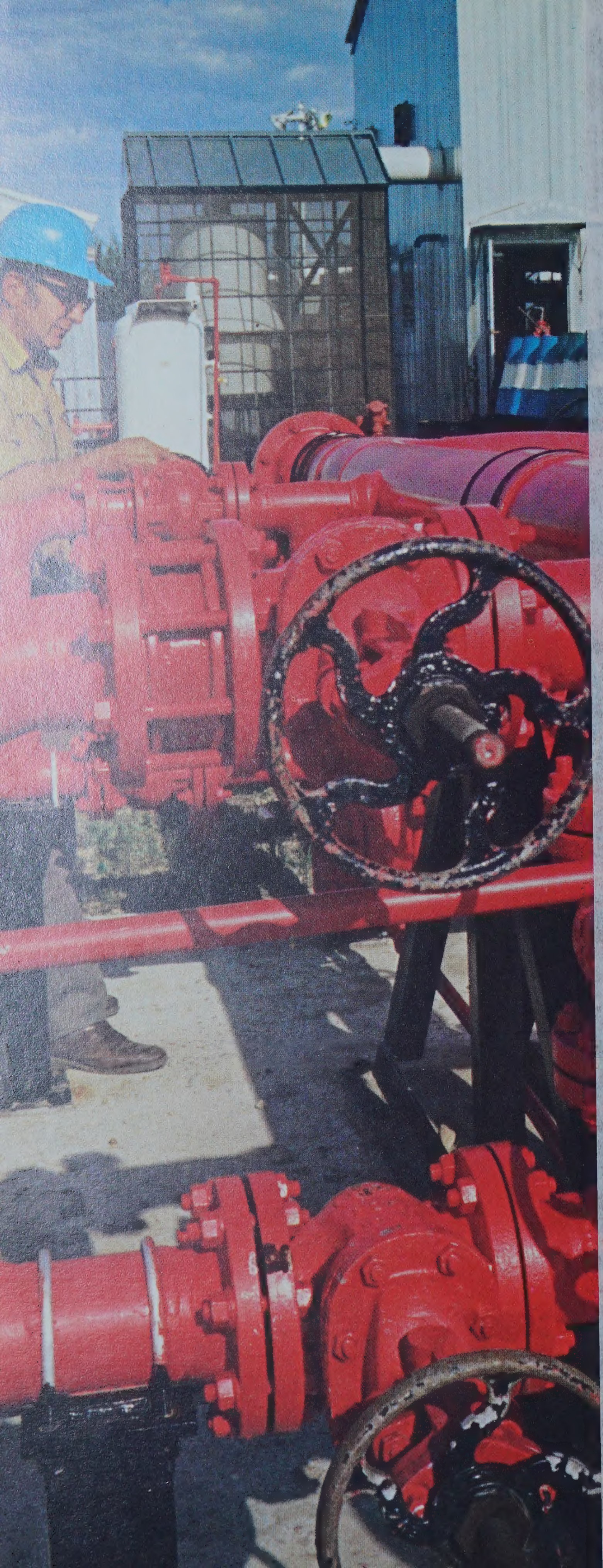
Most onerous are provisions for resource taxation which would (i) include in income for tax purposes, royalty and other payments made to provincial governments – in fact, impose a tax on income not received, and (ii) disallow expenses heretofore deductible in calculating taxable income.

The government intends to make the foregoing proposals retroactive to May 7, 1974. If ultimately enacted, the financial statement as presented in this Annual Report would require restatement for the year ended September 30, 1974.

The full impact of the proposed amendments cannot be accurately assessed at this time but if enacted as proposed and there are no offsetting changes, an additional provision for income taxes, with a corresponding reduction in net income, estimated not to exceed $2,500,000 would be required.



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Financial and operating highlights

Financial

	Year ended September 30th 1974	1973	Per cent change
	thousands of dollars		
Sales and operating revenue			
Oil and gas	$ 31,984	$ 25,298	
Asphalt paving and materials	93,992	60,434	
Chemical and petroleum	23,016	16,417	
Other income	2,146	993	
	$151,138	$103,142	+ 47
Income before extraordinary gain	$ 11,858	$ 7,412	+ 60
Extraordinary gain	1,314	—	
Net income for the year	$ 13,172	$ 7,412	
Per common share			
Income before extraordinary gain	91¢	57¢	+ 60
Net income for the year	$ 1.01	57¢	
Cash flow	$ 32,902	$ 23,193	+ 42
Capital expenditures	$ 24,022	$ 19,474	+ 23
Working capital	$ 28,040	$ 12,866	+118

Operating

	Year ended September 30th 1974	1973	Per cent change
Production			
Crude oil and NGL – Bbls	9,378,793	9,942,235	− 6
Daily average	25,695	27,239	
Natural gas – Mcf	11,873,421	10,888,315	+ 9
Daily average	32,530	29,831	
	At fiscal year end 1974	1973	
Proven reserves			
Crude oil and NGL – Bbls	116,190,000	113,196,000	+ 3
Natural Gas – Mcf	355,600,000	308,803,000	+ 14

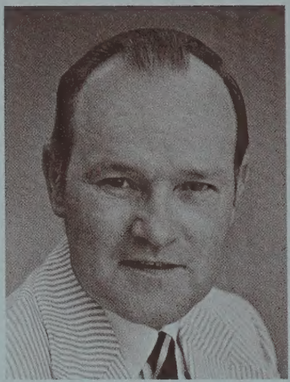
The Annual General Meeting of Shareholders will be held at Calgary, Alberta on January 23, 1975.

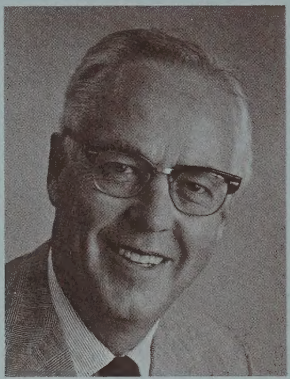
Si vous préférez recevoir le rapport annuel de la compagnie en français, veuillez en informer le Secrétaire, Ashland Oil Canada Limited, 400 University Avenue, Toronto, Ontario M5G 1S5.

Keystone Gas Plant – Pembina, Alberta – processes an estimated 1.2 billion cubic feet of gas annually.

Contents


H. Earl Joudrie


Vernon Van Sant, Jr.


Eric Connelly


S. B. Davis, III


William A. Elser

Report of the directors

Calgary, Alberta, November 12, 1974

Ashland Canada sales, earnings and cash flow reached record levels in 1974, with each division of the Company achieving significant progress. This marks the fourth consecutive year of increased revenue and earnings, reflecting compound annual growth rates of over 33%. It also completes the fourth year of a planned investment program which has strengthened the Company's resource base and increased the capacity of plant and other facilities. All are expected to contribute to future earnings growth.

The preceding "Highlights" page provides a summary comparison with 1973 results. Operations by line of business are discussed in detail within the main body of this report.

Oil and gas net income increased 44%, primarily due to increased crude oil prices, although average daily crude oil production declined by 6%. During the year the Company was again able to replace production of nine million barrels and add to proven crude oil reserves. Probable reserves of crude oil at year-end were a substantial 55 million barrels, all indicated by existing wells and expected to move to the proven category as production history is established.

Over the four years ended September 1974 proven crude oil reserves increased, from 76 million barrels to 116 million barrels, after production during the period of 34 million barrels. Proven gas reserves over the same period increased to 356 billion cubic feet from 161 billion cubic feet and were up 15% from year-end 1973. About 40% of the Company's proven gas reserves is not now committed to market.

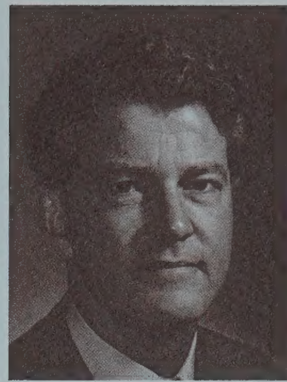
Participation in 33 exploratory wells resulted in completion of 3 oil and 10 gas discoveries. The Tedji Lake gas discovery in the Northwest Territories was significant but the sizeable structure involved will require further geophysical work and drilling before its full potential can be assessed. Although encouraging, the other discoveries require evaluation drilling now underway or planned.

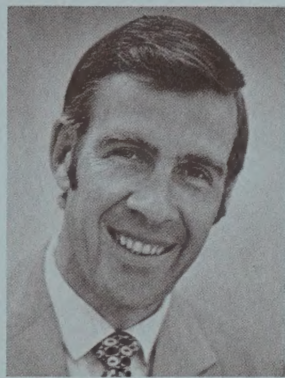
Ashland Canada recently completed the purchase of proven and exploration properties from Blue Crown Petroleum, adding 1.7 million gross (413,000 net) acres to holdings in Alberta. The proven properties are primarily shut-in gas reserves now being developed for market.

The paving and materials business had an excellent year with work volume and net income up substantially. In four years annual net income has more than doubled, from \$3.3 million to \$7.3 million. Increased profitability resulted from higher volumes of work due to both internal growth and acquisitions. The Company has strengthened its future competitive position by the purchase of aggregate reserves. These now total about 200 million tons and are strategically located in relation


gene W. Erickson


Larry G. Link

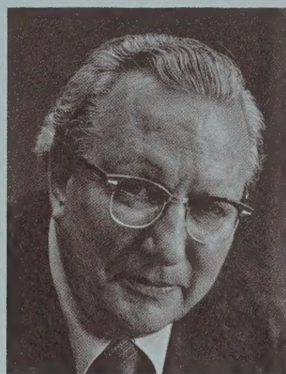

William R. Seaton


James A. Millard


l O. Kinzer


Arloe W. Mayne


William J. Whelan


Carl O. Nickle

to markets. The Company's annual revenue from this business is less than 5% of the country's annual expenditure on highway and road construction so there is considerable scope for greater market penetration. Return on invested capital has been good and we plan to continue our program of expansion in this business.

Chemical and Valvoline operations benefitted from strong demand and firm prices. Since the formation of the Company, Valvoline has continued to increase its share of the Canadian market for motor oils. New plants in both the Vancouver and Montreal metropolitan areas have helped make this possible.

Ashland Canada is reorganizing and integrating its chemical operations. The completion of our $10 million chemical plant, now under construction at Mississauga near metropolitan Toronto, is expected to facilitate expansion of market share through the manufacture of technically differentiated products. Sales of Ashland patented "Isocure" resin binder to the foundry industry have been most encouraging.

Feasibility studies are in progress for a fatty nitrogen manufacturing facility which would include production of Ashland patented flotation reagents for the mining industry. Plans are also underway to strengthen our chemical distribution business across the country.

During 1974 Ashland Canada secured $10 million by the private placement of an income debenture, described more fully in the financial section of this report. The Company is in a strong financial position. With a debt to capitalization ratio of 20% and a fixed charge coverage ratio of 13, there is no off-balance-sheet debt nor a present requirement for external financing.

The ability to formulate firm long-term plans and commit funds for oil and gas operations is now hindered by the lack of co-ordinated federal-provincial resource policies, particularly with respect to taxation, royalties, exports and land regulations.

The industry has invested heavily in the search for and development of hydrocarbons in Canada. About 760 million barrels of crude oil and liquids and 2.3 trillion cubic feet of natural gas are produced annually. These depleting reserves must be replaced and expanded to meet the country's growing energy demand. Average drilling costs have doubled in the last three years and the quantity of hydrocarbons found and developed for each well drilled is diminishing annually. The producer share of prices for both oil and gas must increase to justify continued exploration and development activities.

Low gravity crude production in southern Alberta and Saskatchewan is about 215,000 barrels per day. Canadian refineries normally consume 60,000 barrels a day, the remainder being exported to the United

States. Because of the high level of present export taxes these crudes are not competitive in the U.S. market, resulting in production cutbacks in southwestern Saskatchewan and southern Alberta to 50% of productive capacity. Such market prorationing has and will affect oil and gas income until a more realistic price structure for this crude oil is established.

The federal budget, set aside in May 1974, included taxation features which, if re-introduced and implemented, would reduce industry cash flow and make further investment in oil and gas exploration in Canada difficult to justify. Particularly onerous is the proposal to disallow the write-off, for federal tax purposes, of royalty and other payments to provincial governments. It is essential that the federal-provincial dispute over resource revenue be resolved soon and in a manner which will leave industry with both the capital and incentive necessary to continue exploration.

The industry is still awaiting federal regulations on royalty levels and land tenure to replace those rescinded in 1970, some of which may be retroactive. Major exploration investments in the high-risk frontier areas are difficult to plan or justify without firm government regulations.

The federal government has indicated it may expand present restrictions on the export of crude oil. This would reduce production volumes and consequently the cash flow available to the industry for oil and gas exploration.

We believe all levels of government recognize the absolute need for a healthy and active oil and gas industry and that common sense will lead to resolution of the many uncertainties over the next few months. We will, therefore, continue our investment in oil and gas exploration, maintaining the flexibility to re-direct expenditures to other areas should our present assessment of the situation prove optimistic.

During 1975 the Company will continue to invest in the growth of its present businesses. In addition, there will be a concentrated effort to commence or increase activity in several other areas.

Recognizing the capital requirements and potential risks involved, Ashland Canada has commenced evaluation of oil and gas exploration opportunities outside Canada. Personnel have been assigned to the program and specific projects are now in the final stages of negotiation.

Investment in evaluation of hard mineral prospects will be expanded. Emphasis will be on non-ferrous metals in Canada, but opportunities in foreign areas will be evaluated. Concentration will be on properties in the pre-development or development stage, with nominal funding for grass-roots exploration.

Greater effort will be concentrated on the acquisition area and will not be restricted to businesses in which we are now involved. Recognizing the limitation placed on Ashland Canada by the Foreign Investment Review Act, acquisition opportunities outside Canada will be evaluated.

At a meeting of the Board of Directors on November 6, 1974, William R. Seaton, Vice-Chairman of the Board of Ashland Oil, Inc., was appointed a Director of Ashland Canada. At the same meeting H. Earl Joudrie was appointed Chairman of the Board and Chief Executive Officer and Vernon Van Sant, Jr., formerly Executive Vice-President, was appointed President of the Company. Arloe W. Mayne, formerly Chairman of the Board, will continue as a Director of the Company. Mr. Mayne is an Administrative Vice-President of Ashland Oil, Inc. and its General Counsel.

The Company now has over 900 employees on permanent staff and 2,430 during peak periods of activity. Ashland Canada's future depends on the loyalty and hard work of its personnel, whose individual contributions to the Company's progress are recognized and appreciated.

H. Earl Joudrie
Chairman of the Board
and Chief Executive Officer

Vernon Van Sant, Jr.
President

1. Delta-5 Group
Over 3,500 miles of seismic completed.

2. Tedji Lake
Gas discovery will spur further seismic and drilling.

3. "Blue Crown"
Purchase of proven and exploratory acreage.

4. Heavy oil area
In-situ recovery methods under study.

5. Cherhill
Gas processing plant nearing completion.

6. Thorsby
Lower cretaceous oil discovery offers development opportunity.

7. Dorothy
Established reserves justify market facilities installation.

8. Majorville
Development drilling to evaluate lower cretaceous discovery.

Oil and gas operations

Revenue and income

Revenue, after deduction of royalties, was $32 million in 1974 compared with $25.3 million in 1973. Net income of $14.0 million increased by 44% over $9.7 million, while cash flow was $21.7 million compared to $17.0 million last year.

Capital expenditures on exploration and development totalled $16.4 million, plus $3.9 million for the purchase from Blue Crown of working interests in proven and exploratory acreage holdings.

Production and reserves

In past years production and reserves have been reported as net working interest barrels of oil or cubic feet of natural gas after deducting royalties. With the continual change of royalties and their complexity, net after royalty statistics are no longer meaningful or comparative. We are now reporting both production and reserves as Ashland Canada's working interest share before deduction of royalties. All schedules and charts reflect this change, with previous years restated on a comparable basis.

Production

The Company's share of crude oil and liquid production before royalties averaged 25,700 barrels per day, down 6% from 27,200 barrels per day in 1973. Natural gas production increased nominally from 29.8 to 32.5 million cubic feet per day. This excludes solution gas production and gas purchased for resale of 6 and 3.3 million cubic feet per day respectively.

Production before royalties

	1974	1973
Crude oil and liquids		
(barrels)	9,378,793	9,942,235
Daily average	25,695	27,239
Natural gas (thousands		
of cu. ft.)	11,873,421	10,888,315
Daily average	32,530	29,831
Solution gas (thousands		
of cu. ft.)	2,210,212	2,523,000
Daily average	6,055	6,912

Aside from normal decline, production levels were affected adversely by three factors.

Alberta implemented a maximum rate limitation on production in specific reservoirs.

Of greater impact was reduced demand for lower gravity crude oils in southern Alberta and southwestern Saskatchewan. Resulting market proration in the last quarter saw many fields in these areas reduced below 50% of productive capacity. Company production was reduced by about 4,400 barrels per day during September for this reason alone. The average price of Canadian crude oil to midwest United States refiners exceeds $12.00 per barrel with the export tax at $5.20 per barrel. Lower gravity crudes in particular are overpriced in these market areas when compared with similar crudes available from foreign areas, and refiners have reacted accordingly.

Production levels were also indirectly affected by a shortage of tubular goods and oilfield equipment. This problem delayed or deferred completion of planned development projects which would have added to productive capacity. Secondary recovery projects for Grand Forks and the Pembina-Belly River pools were both affected by this problem. These projects would significantly increase future productive capacity and we are hopeful they can be completed in 1975.

Reserves

Proven crude oil and liquid reserves were 116 million barrels and proven natural gas reserves were 356 billion cubic feet at year end. Oil reserves were up by three million barrels after replacing production during the year of 9.4 million barrels. Natural gas reserves were up 15% after production for the year.

Oil and gas reserves before royalties

	1974	1973
Crude oil and natural gas liquids (thousand bbls.)		
Proven developed	116,190	113,196
Probable additional	55,500	64,582
Total	171,690	177,778
Natural gas (million cu. ft.)		
Proven developed	355,600	308,803
Probable additional	125,500	120,693
Total	481,100	429,496

Over 40% of the Company's proven gas reserves has not been committed to market although contract negotiations are now under way. 85% of gas reserves and 80% of oil reserves are located in the province of Alberta.

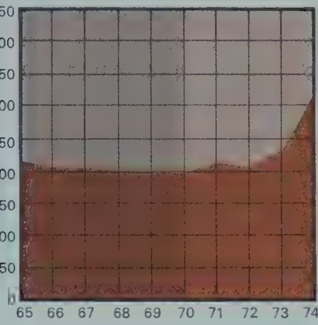
Oil and gas reserves—proven and probable Geographic Distribution—September 30, 1974

	Oil		Gas	
	(million bbls.)	%	(billion cu. ft.)	%
Alberta	138.6	80.7	408.7	85.0
Saskatchewan	24.4	14.2	28.6	5.9
British Columbia	8.5	5.0	43.8	9.1
Other	0.2	0.1	—	—
Total	171.7	100.0	481.1	100.0

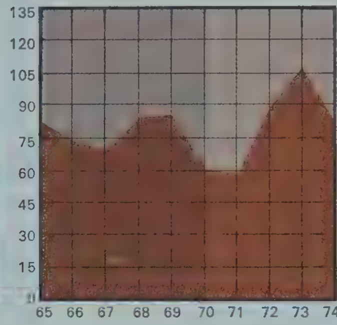
Crude oil prices and royalties

The provinces of Alberta, British Columbia and Saskatchewan enacted considerable legislation affecting the oil and gas industry during the year. In each case the provincial share of production revenue increased dramatically through higher royalties, taxes or other mechanisms.

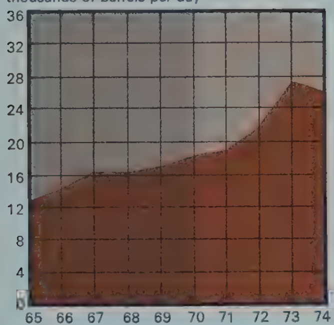
Realization per barrel of oil
dollars



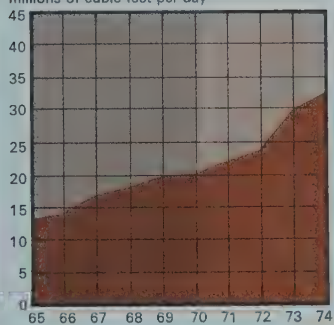
Drilling activity
net wells



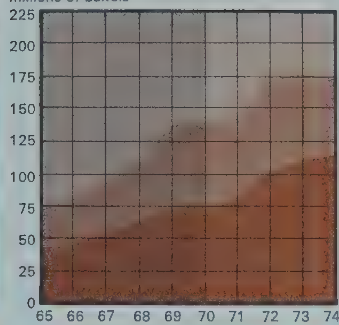
Oil production
thousands of barrels per day



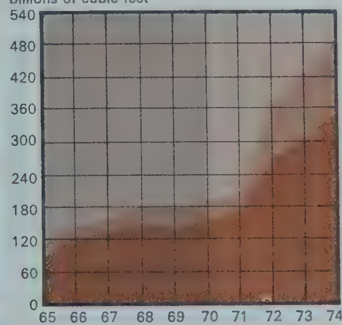
Gas production
millions of cubic feet per day



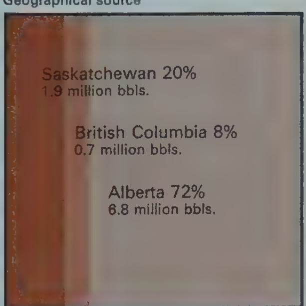
Oil reserves
probable
proven
millions of barrels



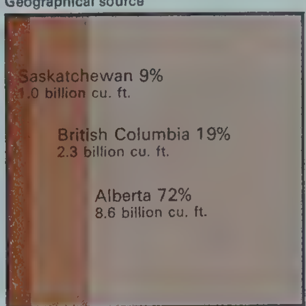
Gas reserves
probable
proven
billions of cubic feet



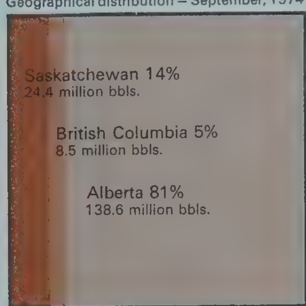
Oil production
Fiscal 1974
Geographical source



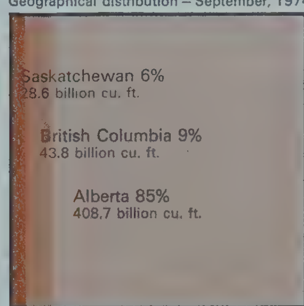
Gas production
Fiscal 1974
Geographical source



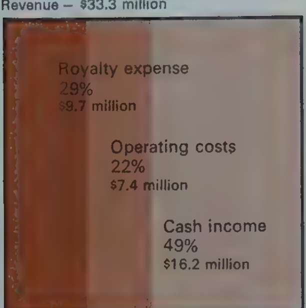
Oil reserves
Proven and probable
Geographical distribution – September, 1974



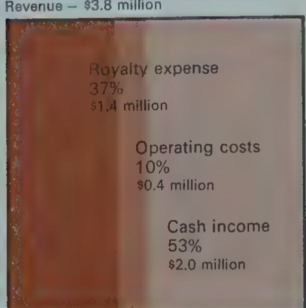
Gas reserves
Proven and probable
Geographical distribution – September, 1974



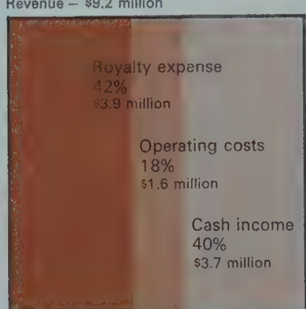
Cash income – Alberta
Fiscal 1974
Revenue – $33.3 million



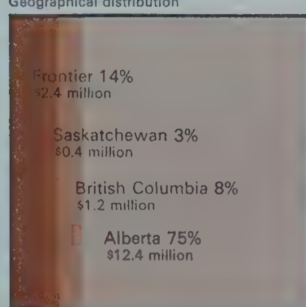
Cash income – British Columbia
Fiscal 1974
Revenue – $3.8 million



Cash income – Saskatchewan
Fiscal 1974
Revenue – $9.2 million



Capital expenditures
Fiscal 1974
Geographical distribution



Maximum royalty rates

	1972	1973	1974
Alberta	16⅔%	25%	45%
British Columbia	16⅔%	40%	60%
Saskatchewan	15%	25%	60%

Existing tax legislation allows corporate write-off of payments to provincial governments. The increases in the share of resource revenue reserved by the provinces would serve to reduce the federal share of revenue from direct tax on the income of resource companies. This is a major, but not the only, factor in the federal-provincial dispute on resource revenue sharing.

Obviously the corporate share of gross revenue per barrel has been reduced although net revenue after royalties and/or production taxes did increase during fiscal 1974. A comparison of Ashland Canada's share of per barrel revenue for the months of September 1973 and 1974 is provided below. The tabulation reflects average prices and royalties for total Company production and would vary if applied to a specific field or province.

Average realization per barrel on total crude oil and liquid production

	September 1974	September 1973
Gross average wellhead price	$ 6.08	$ 3.30
Average royalty	2.68	0.72
Proceeds after royalties	3.40	2.58
Operating costs	1.00	0.77
Cash realization	$ 2.40	$ 1.81
Percentage of gross	39%	55%

From the net cash realization we must recover our investment, related interest charges, and provide capital to sustain the exploration necessary to find and develop new reserves. The impact of the federal proposal to impose taxes on the industry for the provincial share of gross realization is obvious.

Natural gas prices and royalties

The average price received by the Company for natural gas sold during 1974 was 18¢ per thousand cubic feet before royalty payments. Producers are currently being offered 60¢—65¢ for new gas, effective November 1, 1974, and escalation to as high as 75¢ November 1, 1975. Ashland Canada is negotiating for increased prices on present production. Discussions are also underway with several potential purchasers for sales contracts on certain of our uncommitted proven gas reserves.

In Alberta, royalty levels increase with price but with lower royalties on new gas than on old gas. For Alberta gas sold at 60¢ per Mcf the producer would realize 38¢ per Mcf on old gas and 43¢ per Mcf on new gas. New gas includes reserves not on stream as of January 1, 1974 and therefore all our uncommitted reserves.

There is still uncertainty, however, as to the ultimate resolution of the gas pricing situation and the export

levels to be allowed. Recent federal announcements have indicated that natural gas prices for the export market will increase to $1.00 per Mcf January 1, 1975 and further over a period of time to equate with oil prices on a BTU basis. With lower prices for domestic markets the mechanics of apportioning gas revenues among producers serving the two-price markets must also be resolved.

While we expect our natural gas revenues to increase appreciably in the next few years, the obvious uncertainties do not allow an accurate assessment at this time.

Exploration and development

During 1974 Ashland Canada participated in drilling 33 exploratory wells and 195 development wells with the following results:

	Exploratory	Development	Total
Oil	3	57	60
Gas	10	97	107
Abandoned	20	41	61
Total	33	195	228

Capital expenditures of $20.3 million, including the purchase of properties from Blue Crown, were distributed as follows:

Frontier areas	$ 2,400
Alberta	16,300
British Columbia	1,200
Saskatchewan	400
	$20,300

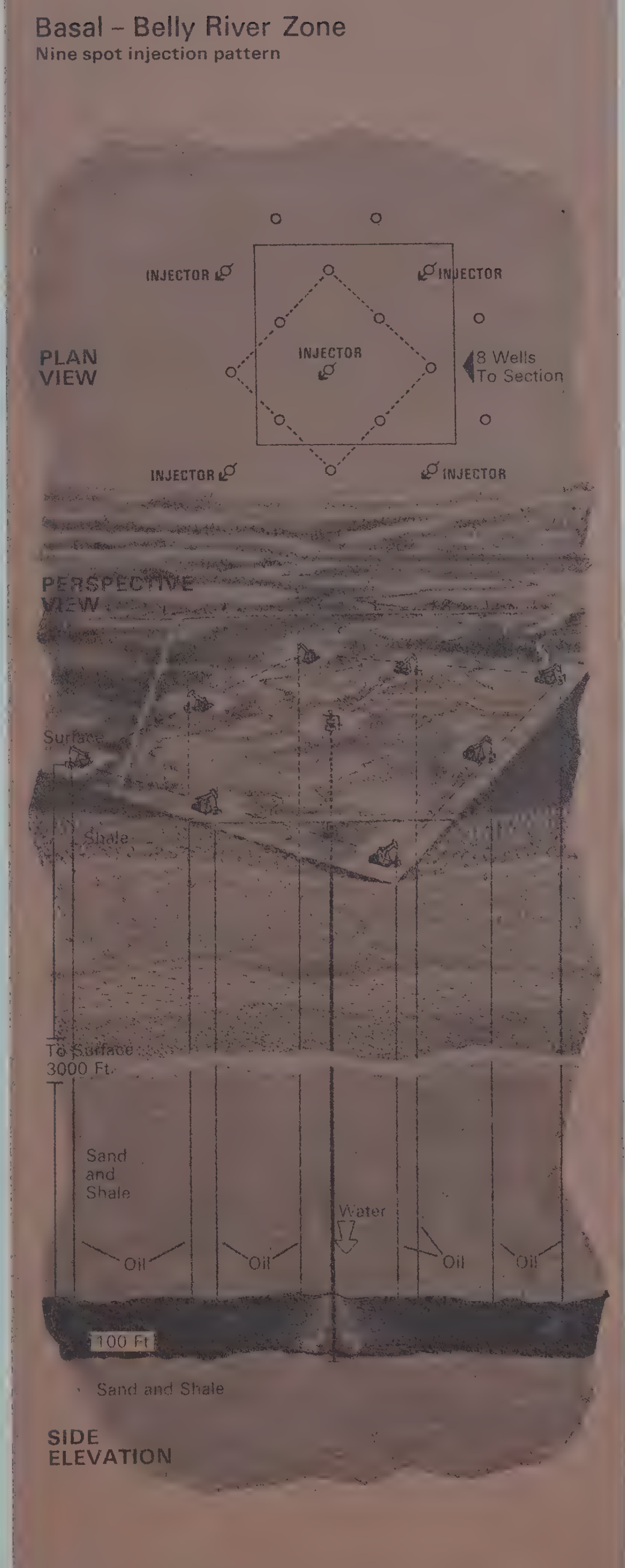
Land holdings

Ashland Canada increased its net acreage position by 24% during the year through both direct purchase and farmin from others. At the same time 35 wells were drilled on our acreage, at no cost to the Company, through farmout arrangements.

Oil and gas acreage holdings as at September 30, 1974

Petroleum and natural gas rights

	Gross acres	Net acres
Traditional areas:		
Alberta	4,067,548	1,755,075
British Columbia	352,457	178,130
Saskatchewan	470,185	316,917
Manitoba and Ontario	10,571	8,427
Total	4,900,761	2,258,549
Frontier areas:		
Northwest Territories	1,709,272	247,696
Arctic islands	9,333,506	937,436
Eastcoast offshore	3,929,170	349,744
Total	14,971,948	1,534,876
Fee mineral title ownership:		
Saskatchewan	1,003,289	499,267
Manitoba	753,000	376,500
Total	1,756,289	875,767
Total holdings	21,628,998	4,669,192



A much greater volume of oil may be recovered from a reservoir, and production rates may be enhanced, by the injection of water under pressure into the porous subsurface oil bearing formation.

Projects of interest

Ashland Canada, as operator, completed a significant gas discovery in the Northwest Territories, about 100 miles southwest of the Mackenzie Delta. The Tedji Lake discovery is located on a basement feature defined by reconnaissance seismic. The Basal Cambrian sand produced several million cubic feet per day of natural gas on drill stem test and casing was run for further evaluation. Additional seismic to more accurately define this and other similar features is planned for the 1974–75 winter season, at an estimated cost of $1 million. Ashland Canada holds a 16⅔% working interest in the 665,000-acre permit.

In the Arctic Islands the Company participated in the Panarctic et al Drake D-68 well and the Panarctic HMSTD POR N Sabine H-49 well, both abandoned. The Company also participated in an $800,000 geophysical program in the Stenkul Fiord area of Ellesmere Island over 395,000 acres held under option. Additional seismic will be conducted to select a drill site. The Company's interest in this project is 20%.

The Delta-5 group completed the second year of an extensive seismic program in the Mackenzie Delta area. To date the group has expended $6 million and interpreted 3,400 miles of seismic. The group would be in a position to commit to a drilling program, on the basis of the geophysical work, should acreage become available through farmout or major changes in the federal land regulations.

An oil discovery in the Majorville area of central Alberta was completed with a productive capability of 150 barrels per day. An offset well, comparable to the discovery, has been completed and further follow-up drilling is underway. Ashland Canada holds a 25% interest in 8,000 acres around the discovery.

A Lower Cretaceous oil discovery in the Thorsby area of Alberta was completed, capable of producing over 100 barrels per day. Although the well has a high gas/oil ratio, reducing allowable production, further development drilling will be undertaken to determine the extent of the hydrocarbon reservoir.

Construction of a gas processing plant in the Cherhill area of Alberta has commenced. The plant will initially process 2.5 million cubic feet per day of solution gas from the Cherhill Field with throughput to increase to 5 million cubic feet per day in 1976. Ashland Canada's interest in this project is 25%.

Installation of production facilities is underway in three field areas in Alberta to allow increased natural gas sales. All three projects are scheduled for completion during 1975 and will increase the Company's natural gas production by over 10 million cubic feet per day at wellhead prices exceeding 60¢ per thousand cubic feet.

Asphalt paving and materials operations

The Asphalt Paving & Materials Division is engaged in asphaltic concrete paving, road construction, the installation of municipal services and the production and sale of aggregate materials. It also constructs parking facilities for shopping centres, roads for industrial developments and commercial and residential parking facilities. Bridge construction, through Deschenes Structures Limited, supports traditional operations in the provinces of Quebec and Ontario.

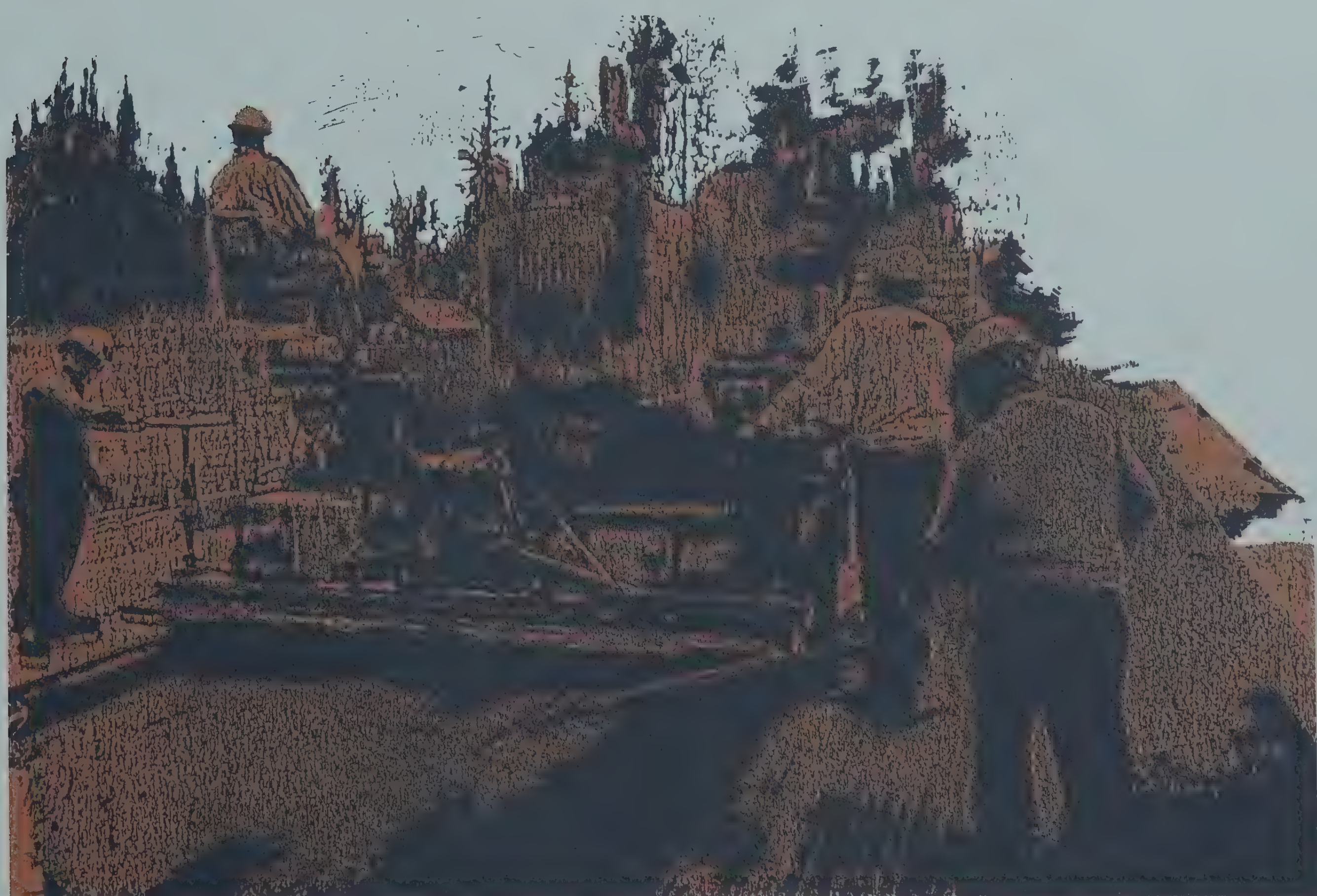
Operations are conducted directly and through 17 wholly-owned subsidiaries, divided into five main operating regions, each under the direction of a General Manager. The division owns and operates 44 asphalt plants, of which 29 are in permanent locations, and 23 crushing units. During 1974 4.2 million tons of asphaltic concrete and 8.0 million tons of crushed aggregate were produced.

Total revenue in 1974 was up 56% to $94.0 million from $60.4 million in 1973. Net income was $7.3 million, compared to $5.1 million in 1973. At year end, work under contract was $39.6 million, a major increase over $19.1 million last year. The 1974 results include contributions from a group of three companies in the Ottawa area that were acquired in September 1973 and not included in 1973 results.

The five operating regions all contributed to record results in 1974. A high level of activity by the newly-established Prairie Region, which operates through two wholly-owned subsidiaries, included a major crushing contract for Syncrude in the Athabasca Oil Sands Project. The Prairie Region is reorganizing certain of its operations and will be in a strong position to participate in the high level of construction activity expected for Alberta in the coming years.

During 1974 the division continued to implement its program of increasing and developing its aggregate reserves. Owned aggregate reserves, most of which were acquired during the last four years, now total approximately 200 million tons located on 8,200 acres of real estate within or near metropolitan areas. In addition, 23 million tons of aggregate are held under long-term lease. These substantial aggregate reserves, strategically located in important market areas, provide a strong base for future growth.

The division will continue to expand on a geographic basis and is now also examining opportunities for involvement in other construction activities.



Chemical and petroleum product marketing operations

Chemical and petroleum product marketing operations benefited from strong market demand and firm prices with net income of $2.8 million compared to $1.1 million the previous year.

Chemical Division

The Chemical Division is a leading merchant supplier of resins to the foundry and paint industries, specialty surfactants to the mining and toiletries industries, and solvents to major industries that include paint, adhesives, rubber, chemicals and printing. The division consists of two groups, Resin & Chemical and Industrial Chemicals and Solvents. Both groups had significant improvement in net income during 1974.

The Resin & Chemical Group was able to maintain its position in the market place despite the lack of a manufacturing facility. This was accomplished mainly by toll processing in Canada using retained raw material allocations. Construction of the new $10 million resin production facility in Mississauga is on schedule and start-up is expected during the summer of 1975.

The Chemical Division is embarking on a program to expand its market position across Canada, with emphasis on organic intermediates, resins and fatty chemicals. The manufacturing and resales groups are being integrated to obtain maximum benefit from improved market penetration of Canada's industrial centres.

The manufacture of fatty chemicals in Canada is being studied to take advantage of Ashland's world leadership position in the manufacture of these products. This is part of a program to expand the Chemical Division around a growing core of technically differentiated products that will provide a higher and less cyclical profit stream.

Valvoline Oil Canada Division

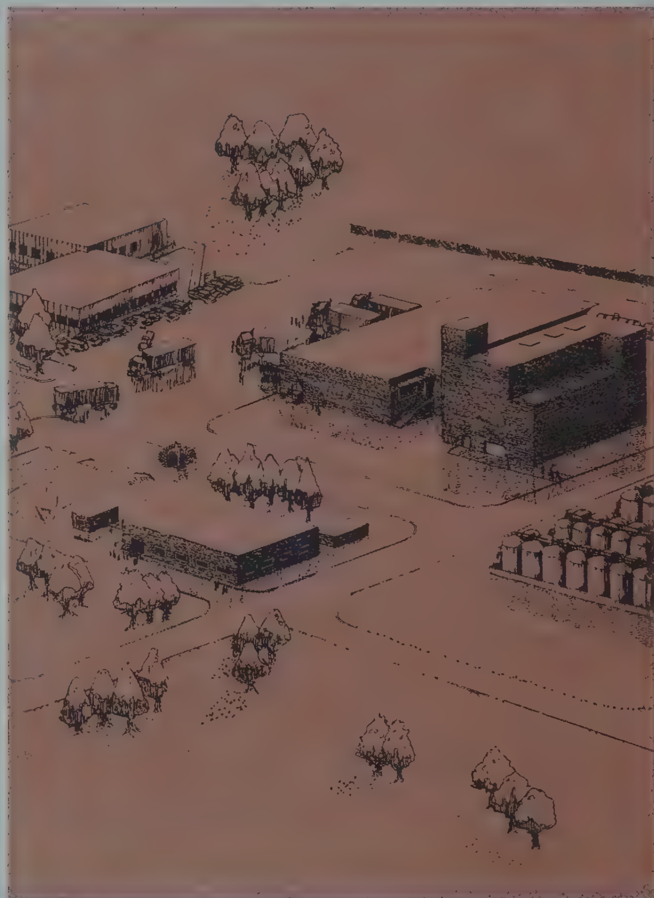
Ashland Canada markets petroleum products through the Valvoline Oil Canada Division. The division is engaged in the compounding, packaging, selling, and distribution across Canada of a wide variety of automobile and recreational engine lubricants, industrial oils, greases, gear oils, rust preventives and other petroleum products.

The strategic location of Valvoline packaging plants in the metropolitan areas of the three largest Canadian markets – Montreal, Toronto and Vancouver – has provided efficient service to a rapidly expanding network of distributors and dealers.

Despite difficult supply situations during the year and higher costs, particularly the increased cost of base oils, Valvoline Oil Canada was able to increase sales and profits.

Auto racing and television were two of the prime areas used for promotion of the high-quality line of Valvoline products. For the second year in a row Bill Brack, sponsored by Valvoline in both 1974 and 1973, won the Canadian Driving Championship by accumulating the most points in the Player's Challenge Cup series of races held across Canada.

For 1975 the division plans to expand its marketing operations geographically and introduce several new product lines.



Hard minerals exploration

Nominal funds were expended during fiscal 1974 on the evaluation of hard mineral properties. No further work will be conducted on the Della Mines property in British Columbia, or anywhere in that province, until government policies are more encouraging to the mining industry.

Investment in the search for mineable deposits will be expanded. An internationally recognized consulting geologist has been retained for evaluation of mineral prospects on behalf of the Company. Concentration will be on non-ferrous metals and the evaluation of properties in the pre-production or production stage. Negotiations are now underway for the evaluation of a zinc-silver property in Quebec and a gold property in the Yukon. These projects would be undertaken during fiscal 1975.

Emily Glowinski performs a variety of office service functions at the Company's executive offices.

Road roller operator Brian Stevenson displays the well-known logo of an Ontario paving subsidiary.

Production Supervisor Bob Illerbrun is a veteran of Canada's oil industry.

Field Superintendent Neil McAllister checks out a Pembina battery installation.

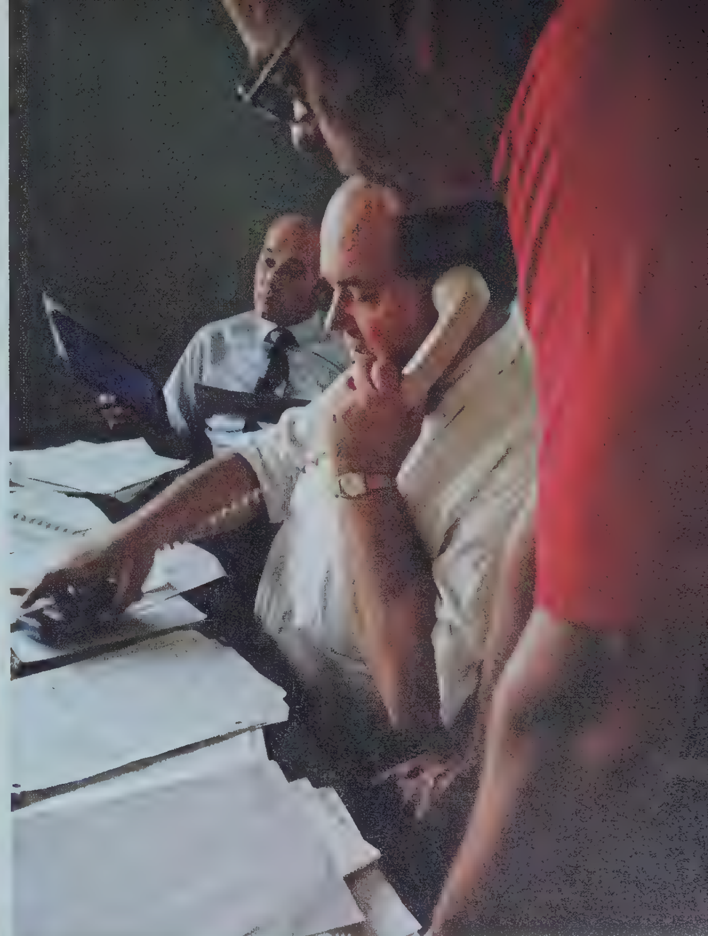
Technical references in oil and gas engineering reports are checked by Judy Alexander and Louise Sakamoto.

Summer students Keith Innes and Don Berry get both exercise and fresh air from oilfield employment.

Working out of temporary premises is no deterrent to Resin & Chemical Group personnel Ken Senior, Claude Bourassa and Morris Hollingshead.

District Manager Al Barteaux checks on equipment availability by radio for paving foreman Fred Thibault on location near New Glasgow, Nova Scotia.


Ashland



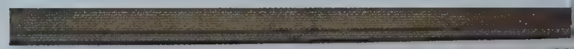
Summer student Mike St. John operates equipment whi
for rock-blasting explosives at a quarry site in Ontario.

Fred Olizarevitch operates an automated asphalt batc
London, Ontario.

As part of a training session, Ron Sedore measures the mix
product at the Chemical Division's temporary laboratory in

Chief Estimator Joe Gurowka discusses an estimate with
chuk at the Downsview (Ontario) offices of subsidiary W
Limited.

Paving crew operates at night to minimize traffic disru
busy expressway in Metropolitan Toronto.



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Oil & Gas Division President Bill Elser and reservoir engineer Joe Shea hear proposals by geologist Gil Van Veen and landman Roy Beavers.

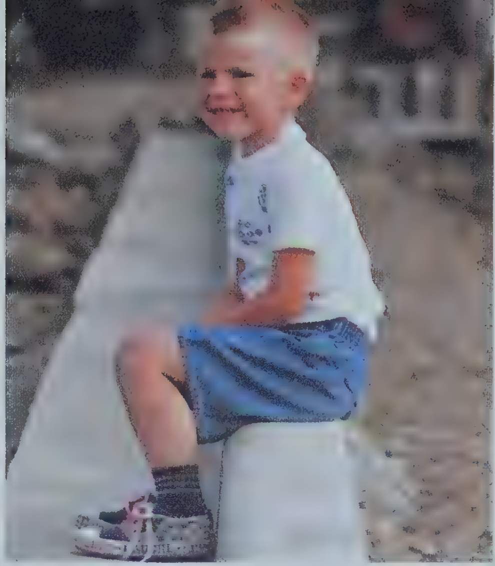
Chief Draftsman Ben Fahie updates an oilfield map to indicate recent drilling results.

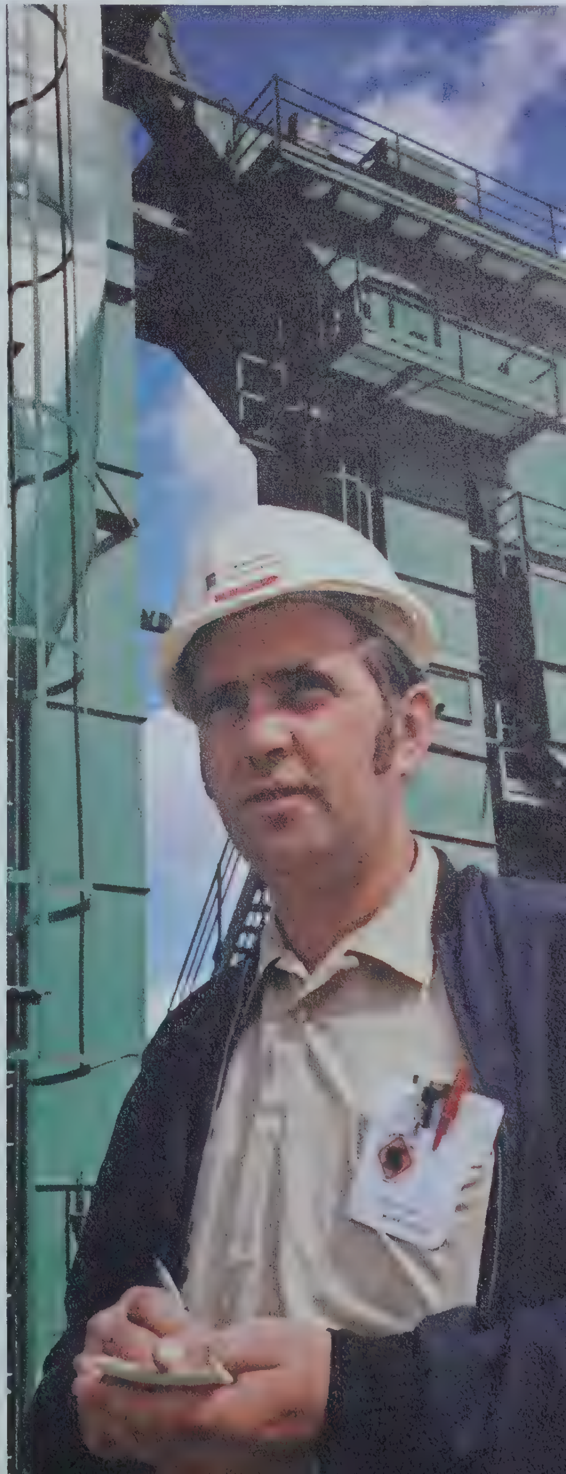
Operator Lyle Offet makes a routine daily check at a Cherhill battery installation.

Personnel Secretary Sydney Kennedy of the Oil & Gas Division with Mail Supervisor Al Paskall and Personnel Manager Bob Stephen.

This young Supervisor waits for sidewalk to be poured by employees of Alberta subsidiary Wells Construction Ltd. at a new residential subdivision near Edmonton.

Peter Van den Boorgaart, plant and pit Superintendent for subsidiary Towland-Hewitson Construction Limited, keeps a watchful eye on the performance of a new asphalt plant.





Operator Paul Hargas directs the flow of one of 40 wells producing through this separator house in the Pembina oilfield.

Plant foreman Bob Baillie is a veteran employee of the Maritimes Region of the Asphalt Paving & Materials Division.

A "Valvoline" sales meeting is chaired by John Barr (top left) Eastern Canada Division Manager of Valvoline Oil Canada.

Financial review

Statement of income data

	1974	1973	1972	1971	Annual compound growth
		thousands of dollars			%
Sales and operating revenue					
Oil and gas	$ 31,984	$ 25,298	$ 18,197	$ 16,067	26
Asphalt paving and materials	93,992	60,434	44,120	36,389	37
Chemical and petroleum	23,016	16,417	13,078	10,864	28
Other income	2,146	993	984	690	—
	$151,138	$103,142	$ 76,379	$ 64,010	33
*Contribution to income by line of business					
Oil and gas	$ 13,999	$ 9,685	$ 6,474	$ 6,103	32
Asphalt paving and materials	7,320	5,075	4,110	3,318	30
Chemical and petroleum	2,821	1,084	1,064	782	53
*Contribution to cash flow by line of business					
Oil and gas	$ 21,720	$ 17,028	$ 12,314	$ 11,075	25
Asphalt paving and materials	10,847	7,398	5,962	4,858	31
Chemical and petroleum	2,983	1,298	1,257	944	47
Net income for year before extraordinary gain	$ 11,858	$ 7,412	$ 5,815	$ 4,749	36
Cash flow	$ 32,902	$ 23,193	$ 18,022	$ 16,124	27

*Before unallocated overhead, interest and income taxes.

Financial position data

	1974	1973	1972	1971
		thousands of dollars		
Working capital	$ 28,040	$ 12,866	$ 7,859	$ 7,020
Fixed assets				
Property and equipment at cost	206,312	180,814	154,343	129,657
Accumulated depreciation and depletion	76,713	67,686	60,313	54,473
Total assets employed	228,754	174,297	133,729	106,733
Capital employed	162,567	131,683	106,058	85,483
Long-term debt	31,725	22,752	12,506	1,531
Deferred income taxes	38,267	29,694	22,816	18,753
Minority interest	7,041	7,060	7,060	7,236
Total shareholders' equity	85,534	72,177	63,676	57,963

Statistical data

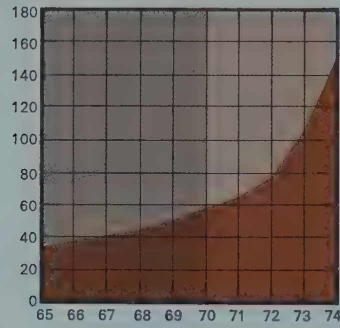
	1974	1973	1972	1971
Net income				
– per common share before extraordinary gain	91¢	57¢	45¢	36¢
– % of revenue	7.8	7.2	7.6	7.4
– % of average capital employed	8.1	6.2	6.1	5.8
– % of average common shareholder's equity	15.0	11.2	10.0	8.8
Net worth per common share	$ 6.51	$ 5.48	$ 4.86	$ 4.42
Cash flow per common share	$ 2.56	$ 1.82	$ 1.39	$ 1.24
†Capital expenditures by line of business				
Oil and gas	$ 16,399	$ 14,761	$ 9,659	$ 8,431
Asphalt paving and materials	5,389	3,875	4,350	4,118
Chemical and petroleum	2,028	555	465	320
Other	206	283	112	487

†Thousands of dollars (corporate acquisitions excluded).

Consolidated company

Revenue

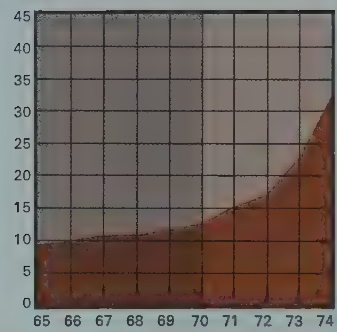
millions of dollars



Cash flow

before extraordinary items

millions of dollars



Financial review

Sales and operating revenue during fiscal 1974 increased significantly with the Company's net income up to a record $11.9 million. Earnings per common share were up from 57¢ to 91¢; an increase of 60%.

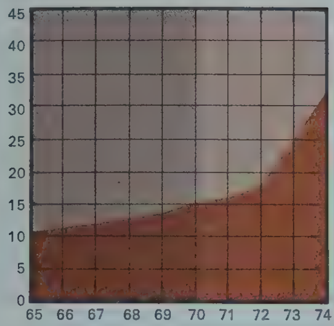
During the past year regulatory authorities in Canada issued directives with respect to the acceptable tax allocation method of accounting for all income taxes deferred to future years. The Company, along with a majority of petroleum companies in Canada, had provided for deferred taxes only with respect to accelerated write-offs of tangible assets. The new full deferred tax method required a charge against income for the amount of income taxes that would be payable if all such accelerated write-offs were not available. The change has been made on a fully retroactive basis and previous years' results are restated accordingly. The additional tax provision for fiscal 1974 amounted to $7.4 million and in the preceding years of 1973, 1972 and 1971 it was $4.4 million, $3.4 million and $3.3 million respectively.

On the graphs and charts presented in this section of the report we have shown contributions on a line-of-business basis covering those activities of the Company that are material in size at this time. These line-of-business contributions are before unallocated corporate overhead, interest and income taxes. In September 1970 the present Company was formed through the reorganization of a predecessor company and the acquisition of the assets of a number of other companies, all on a pooling of interest basis. While the graphs depict a 10-year history, we feel the reorganization of both operations and management was of such magnitude that only a four-year presentation is appropriate for financial review tabulations.

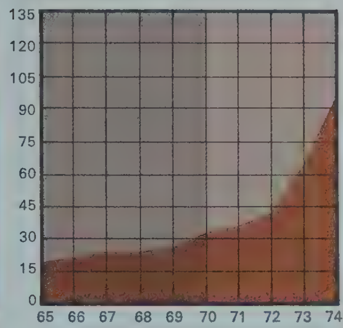
Management is monitoring the effect of inflation on net income, particularly as it relates to inventory valuation. Consideration was given to changing the method of inventory valuation from first-in first-out (FIFO) to last-in first-out (LIFO) in those areas where LIFO would be an acceptable basis. In a time of rapidly increasing prices, a LIFO policy more nearly matches costs and revenues and would minimize inventory profits, particularly in our chemical manufacturing and distribution business. A calculation indicated such a change would have reduced 1974 net income by less than $150,000, not felt sufficiently material to warrant making a change to a policy not in general use in Canada at this time.

Line of business

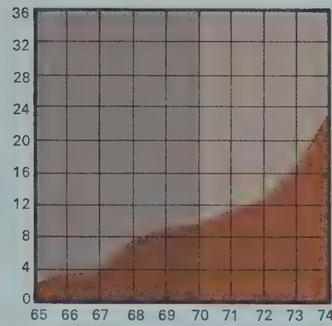
Oil and gas
Sales and operating revenue
millions of dollars



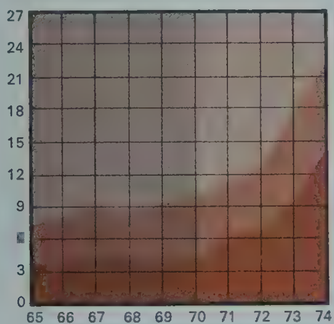
Asphalt paving and materials
Sales and operating revenue
millions of dollars



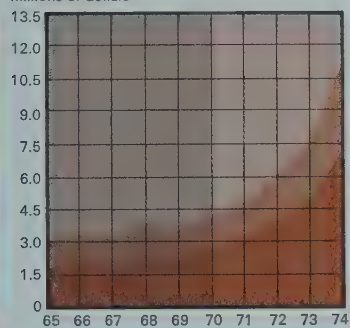
Chemical and petroleum
Sales and operating revenue
millions of dollars



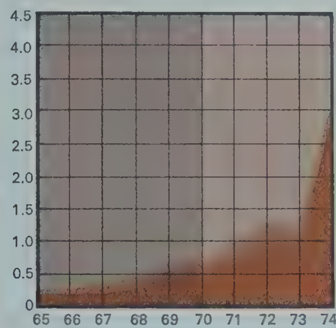
Cash flow from operations
Depreciation and depletion
Income before tax
millions of dollars



Cash flow from operations
Depreciation and depletion
Income before tax
millions of dollars



Cash flow from operations
Depreciation
Income before tax
millions of dollars



Financial condition

Cash flow generated in fiscal 1974 amounted to $32.9 million, an increase of 42% over the $23.2 million reported in 1973.

During the year the Company raised $10 million through the private placement of an unsecured income debenture which matures on September 30, 1979. The interest, not deductible for income tax purposes, is at a floating rate which was 6.625% at year-end. These funds will be used to finance the resin production facility presently under construction. Working capital improved by $15.2 million to $28.0 million, partly due to the temporary investment of most of the proceeds of the income debenture.

Total annual interest cost to service the $31.7 million of long-term debt is less than $2 million, with the average interest rate being approximately 5.6%. During the past four years the Company has invested over $120 million in its various businesses while increasing long-term debt by only $29 million. The present debt to total capitalization ratio is 20% and consolidated income before interest, taxes and extraordinary items, is sufficient to cover the maximum annual long-term interest requirement 13 times.

Full cost accounting

As explained in the notes to the consolidated financial statement, Ashland Canada follows the full-cost method of accounting for non-tangible capital expenditures. Upon adoption of this policy in 1970 a single full-cost pool was established covering all areas of the country in which exploration activities were conducted.

Ashland Canada intends to adopt additional pools for specific "areas of interest" in conjunction with its foreign exploration program referred to earlier in this report.

The Company also intends to examine and, if found appropriate, to adopt a second full-cost pool in Canada for frontier expenditures. Funds invested in high-risk, high-cost areas of North America are different in nature, particularly in terms of any income return, from funds expended in the traditional sedimentary basins of western Canada which have ready access to market. Accounting principles will be examined and regulatory agencies approached if it is felt such action is in the best interests of the Company.

Ashland Oil Canada Limited
and subsidiaries

Consolidated balance sheet
as at September 30

Assets	1974	1973 Restated
	in thousands	
Current assets		
Cash and short-term deposits	$ 8,806	$ 1,351
Accounts receivable	65,315	39,157
Asphalt paving contracts completed and in progress	7,086	6,602
Inventories	11,523	6,779
Tender deposits and prepaid expenses	1,497	1,591
Total current assets	94,227	55,480
Investments and other assets		
Investments in other companies	2,475	3,516
Receivables, deposits and other assets	2,453	2,173
	4,928	5,689
Property and equipment		
Petroleum, natural gas and mineral properties	130,549	113,750
Equipment—on the basis of cost		
Production	24,989	23,177
Marketing	3,840	1,885
Asphalt Paving	44,087	39,638
Other	2,847	2,364
	206,312	180,814
Less allowances for depreciation and depletion	76,713	67,686
	129,599	113,128
	$228,754	$174,297

On behalf of the Board:

Director

Director

See accompanying notes

Liabilities and shareholders' equity	1974	1973 Restated
	in thousands	
Current liabilities		
Bank indebtedness	$ 5,706	$ 7,295
Accounts payable and accrued liabilities	43,673	32,623
Crude oil export taxes	14,171	
Income taxes payable	1,312	1,148
Accrued minority dividends	177	177
Current maturities of long-term debt	1,148	1,371
Total current liabilities	66,187	42,614
Long-term debt—less current maturities—Note C	31,725	22,752
Deferred income taxes—Note B	38,267	29,694
Minority interest in preferred shares of a subsidiary	7,041	7,060
Shareholders' equity—Note D		
Share Capital		
6% cumulative redeemable convertible preferred shares of a par value of $25 Authorized and issued 200,000 shares: outstanding 65,210 shares (1973—68,010 shares)	1,630	1,700
Common shares of a par value of 45¢ Authorized 30,000,000 shares; issued and outstanding 13,100,795 shares (1973—13,066,260 shares)	5,895	5,880
Capital in excess of par value	22,898	22,558
Retained earnings	56,602	43,530
	87,025	73,668
Less cost of 215,683 common shares held by a subsidiary	1,491	1,491
Total shareholders' equity	85,534	72,177
	$228,754	$174,297

Consolidated statement of income

Year ended September 30

	1974	1973 Restated
	in thousands	
Revenue		
Sales and operating revenues*	$149,639	$102,862
Gain on disposal of assets	1,321	120
Other	178	160
	151,138	103,142
Costs and expenses		
Cost of sales and operating costs*	105,163	70,795
Selling, administrative and general expenses	9,733	6,652
Depreciation, depletion and amortization	12,694	10,461
Interest—Note C	1,786	1,194
	129,376	89,102
Income before income taxes, minority interest and extraordinary gain	21,762	14,040
Income taxes—Note B		
Current	877	622
Deferred	8,323	5,300
	9,200	5,922
Income before minority interest and extraordinary gain	12,562	8,118
Interest of minority preferred shareholders in the net income of a subsidiary	704	706
Net income before extraordinary gain	11,858	7,412
Gain on settlement of insurance claim (net of income tax of $250,000)	1,314	
Net income for the year	$ 13,172	$ 7,412
Net Income Per Common Share—Note E		
Before extraordinary gain	$ .91	$ .57
Extraordinary gain	.10	
Net income for the year	$ 1.01	$ .57

*Excludes resale of purchased crude oil

See accompanying notes

Consolidated statement of retained earnings
Year ended September 30

	1974	1973 Restated
	in thousands	
Retained earnings beginning of year—		
As previously reported	$ 66,955	$ 55,245
Retroactive adjustment for deferred income taxes—Note B	23,425	19,025
As restated	43,530	36,220
Net income for the year	13,172	7,412
	56,702	43,632
Dividends on 6% preferred shares	100	102
Retained earnings end of year	$ 56,602	$ 43,530

See accompanying notes

Consolidated statement of changes in financial position

Year ended September 30

	1974	1973 Restated
	in thousands	
Working capital was provided from:		
Net income before extraordinary gain	$ 11,858	$ 7,412
Depreciation, depletion and amortization	12,721	10,481
Deferred income taxes	8,323	5,300
	32,902	23,193
Provided from operations		
Increase in long-term debt	10,244	19,435
Proceeds from insurance claim	1,564	
Property and equipment disposals	410	1,359
Exercise of employee stock options	29	91
Total working capital provided	45,149	44,078
Working capital was used for:		
Net non-current assets of businesses acquired	4,230	8,060
Common shares issued	(286)	(1,100)
5% unsecured notes issued		(1,900)
	3,944	5,060
Property and equipment additions	24,146	20,833
	28,090	25,893
Investments and other assets	515	137
Reduction in long-term debt	1,270	12,939
Dividends on 6% preferred shares	100	102
Total working capital used	29,975	39,071
Increase in working capital	15,174	5,007
Working capital beginning of year	12,866	7,859
Working capital end of year	$ 28,040	$ 12,866

See accompanying notes

Notes to consolidated financial statement

September 30, 1974

Note A—presentation of consolidated financial statement

Principles of consolidation

The consolidated financial statement includes the accounts of all subsidiary companies. All significant intercompany transactions and accounts have been eliminated on consolidation. The minority interest in preferred shares of a subsidiary company together with dividends thereon accrued from the date of the last semi-annual dividend payment, July 2, 1974, have been provided for on consolidation. Operations of acquired businesses have been consolidated from the dates of purchase.

Accounts receivable

The accounts receivable include $30,444,000 ($13,746,000 in 1973) receivable from the resale of purchased crude oil to Ashland Oil, Inc. which accounts are settled monthly in cash.

Inventories

Inventories were valued at the lower of first-in, first-out cost or market and consisted of the following:

	1974	1973
Refined and semi-refined products	$ 921,000	$ 455,000
Crude oil	1,170,000	801,000
Plastics, resins and chemicals	2,000,000	650,000
Operating supplies and materials	7,432,000	4,873,000
	$11,523,000	$ 6,779,000

Investments in other companies

Long-term investments in other companies are carried at cost with provision made where there has been a decline in value.

Property and equipment

The Companies follow the full cost method of accounting whereby all costs relative to the exploration for and development of oil and natural gas reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical costs, carrying charges on non-producing properties and cost of drilling both productive and non-productive wells. These costs are depleted by the unit of production method based on estimated proven oil and gas reserves. Depreciation of production equipment is computed in a similar manner.

Depreciation of property and equipment (other than oil and gas production equipment) is computed generally on a straight line basis over the estimated useful lives of the assets.

Asphalt paving contracts

Income on asphalt paving contracts is recognized on the percentage of completion method.

Income taxes

See Note B for the Companies' deferred income tax accounting policy.

Note B—income taxes

For income tax purposes:

(i) The Companies are entitled to claim capital cost allowances which may exceed the related depreciation provisions reflected in the accounts.

(ii) Ashland Oil Canada Limited and its oil and gas subsidiaries are entitled to claim exploration, development and lease acquisition costs in amounts which may exceed the related depletion provisions reflected in the accounts.

In 1973 and prior years the Companies followed the tax allocation method of accounting only for timing differences referred to in (i) above. In 1974 the companies retroactively adopted the tax allocation method of accounting for all timing differences. This change in method of accounting resulted in an additional provision for deferred income taxes of $23,425,000 at October 1, 1973 ($19,025,000 at October 1, 1972) and a corresponding reduction in previously reported retained earnings.

This retroactive change in the method of accounting for deferred income taxes resulted in a decrease in net income previously reported for 1973 and in net income that would otherwise have been reported for 1974. The 1973 financial statement has been restated to reflect the change and the effect for the years ended September 30, 1974 and 1973 is as follows:

	Decrease in net income	
Year ended September 30	Total	Per Share
1974	$ 7,400,000	58¢
1973	$ 4,400,000	34¢

At September 30, 1974, the following amounts remained to be carried forward and applied against future taxable income:

Exploration, development and lease acquisition costs	$ 3,500,000
Capital cost allowances	$23,300,000

Note C—long-term debt

The long-term debt consists of:

	1974	1973
5% convertible subordinated debentures (unsecured) due January 15, 1993	$20,000,000	$20,000,000
Unsecured income debenture due September 30, 1979	10,000,000	—
5% unsecured notes	1,300,000	1,900,000
5½% sinking fund redeemable notes, Series "A", due July 1, 1976	365,000	432,000
Other notes and mortgages	1,208,000	1,791,000
	32,873,000	24,123,000
Less current maturities included in current liabilities	1,148,000	1,371,000
	$31,725,000	$22,752,000

The 5% convertible subordinated debentures are convertible into common shares of the Company at the rate of 60 shares per $1,000 principal amount until January 14, 1983 and are subject to sinking fund provisions commencing January 15, 1984.

Interest on the unsecured income debenture, which is not deductible for income tax purposes, is payable only out of profits at an annual rate of one-half of the total of (i) the prime commercial lending rate of a Canadian chartered bank and (ii) 1.75%.

The amounts of long-term debt due during the four years following September 30, 1975 are: 1976—$929,000; 1977—$643,000; 1978—$32,000; and 1979—$10,028,000.

Debt issue expenses relating to the 5% convertible subordinated debentures are being amortized over 20 years. Current amortization of $27,000 ($20,000 in 1973) is included in interest expense. The unamortized balance at September 30, 1974 amounted to $517,000.

Note D—shareholders' equity

Changes in the Company's share capital and capital in excess of par value during the year ended September 30, 1974 were as follows:	Number of Shares	Par Value	Capital in Excess of Par Value
6% cumulative redeemable convertible preferred shares			
Balance, September 30, 1973	68,010	$ 1,700,000	
Converted to common shares	(1,600)	(40,000)	
Purchased for cancellation	(1,200)	(30,000)	
Balance, September 30, 1974	65,210	$ 1,630,000	
Common shares			
Balance, September 30, 1973	13,066,260	$ 5,880,000	$22,558,000
Issued on the purchase of a business	28,560	13,000	273,000
Issued on the conversion of preferred shares	3,283	1,000	39,000
Issued for cash on exercise of employee stock options	2,692	1,000	28,000
Balance, September 30, 1974	13,100,795	$ 5,895,000	$22,898,000

At September 30, 1974, under the terms of a Preferred Employees Stock Option Plan, options granting certain officers (six of whom are also directors) and employees the right to purchase common shares of the Company, were outstanding as follows:

Number of Shares	Exercise Price	Expiry Date
145,753	$10.75	June 14, 1976
30,750	11.75	September 25, 1977
16,750	12.00	September 30, 1978
5,000	7.125	August 13, 1979
198,253		

During the year ended September 30, 1974 options were granted to purchase 16,750 common shares at $12.00 per share and 5,000 common shares at $7.125 per share.

At September 30, 1974, 90,650 additional common shares were available for options which may be granted under the plan.

At September 30, 1974 common shares of the Company were reserved as follows: 1,200,000 shares for the conversion of 5% convertible subordinated debentures, and 129,590 shares for the conversion of 6% cumulative redeemable convertible preferred shares.

Note E—net income per common share

Net income per common share is based on the weighted average number of common shares outstanding during the year after providing for dividends on the 6% preferred shares.

If the shares under option and reserved for conversion had been issued, net income per common share on a fully diluted basis would have been:

	1974	1973
Before extraordinary gain	88¢	57¢
Extraordinary gain	9¢	
Net income for the year	97¢	57¢

Note F—commitments

The Companies have entered into long-term lease agreements for office space and other facilities. The minimum amounts payable under these lease agreements during the next twelve months is approximately $465,000.

The Company has commenced construction of a chemical plant in Mississauga, Ontario estimated to cost $10,000,000, of which approximately $3,000,000 had been expended to September 30, 1974. Commitments in the ordinary course of the companies' business for acquisition or construction of other property and equipment are not material in relation to the companies' net assets.

The Companies have deposited non-interest bearing demand notes in the amount of $192,000 with the Government of Canada as performance deposits with respect to exploratory rights.

Note G—remuneration of directors and senior officers

Direct remuneration of the Company's directors and senior officers for the year ended September 30, 1974 amounted to $511,000. An aggregate amount of $300,000 has been set aside in respect of future incentive payments proposed to be made upon recommendation of the Compensation Committee of the Board of Directors to certain employees of the Company, some of whom are also directors and senior officers.

Note H—operating results of acquired business

The consolidated statement of income for the current year includes the operations of a business acquired as of September 30, 1973.

On a pro-forma basis, the combined sales and net income of the Companies and the operations of the acquired business for the year ended September 30, 1973 would have been $118,966,000 and $7,862,000 respectively.

Note I—subsequent event

On November 18, 1974 the Minister of Finance for Canada proposed a number of amendments to The Income Tax Act, some of which, if enacted, would be retroactive to May 7, 1974. The full impact of the retroactive amendments on the Companies' financial statement for the year ended September 30, 1974 cannot be accurately assessed but if enacted as proposed, and there are no offsetting changes, an additional provision for income taxes (and consequent reduction in net income) estimated not to exceed $2,500,000 would be required.

Auditors' report

**To the Shareholders,
Ashland Oil Canada Limited.**

We have examined the consolidated balance sheet of Ashland Oil Canada Limited and subsidiaries as at September 30, 1974 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to any additional provision for income taxes which may be required as a result of the proposed income tax amendments described in Note I, the consolidated financial statement presents fairly the financial position of the Companies as at September 30, 1974 and the results of their operations and the changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change, with which we concur, in the method of accounting for deferred income taxes as explained in Note B.

**Calgary, Alberta
November 1, 1974
(Except Note I the date for which is November 19, 1974)**

Ernst & Ernst
Chartered Accountants

Directors

ERIC CONNELLY
Calgary, Alberta

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Ashland, Kentucky

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Calgary, Alberta

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Hudson, Wisconsin

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Toronto, Ontario

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Vancouver, British Columbia

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Mississauga, Ontario

ARLOE W. MAYNE
Ashland, Kentucky

JAMES A. MILLARD
Calgary, Alberta

CARL O. NICKLE
Calgary, Alberta

WILLIAM R. SEATON
Ashland, Kentucky

VERNON VAN SANT, JR.
Calgary, Alberta

WILLIAM J. WHELAN
Toronto, Ontario

Registered head office

1800 Standard Life Building
639-5th Ave. S.W.
Calgary, Alberta T2P 0N1

Executive offices

1900 Travelers Tower
400 University Ave.
Toronto, Ontario M5G 1S5

Registrars and transfer agents

Guaranty Trust Company of Canada:
Calgary, Toronto, Montreal, Winnipeg, Regina and Vancouver
Bank of New York, New York, N.Y.

Principal officers

H. EARL JOUDRIE
Chairman of the Board
and Chief Executive Officer

VERNON VAN SANT, JR.
President

WILLIAM A. ELSER
Vice-President
President, Oil & Gas Division

LARRY G. LINK
Vice-President
President, Asphalt Paving & Materials Division

WILLIAM J. WHELAN
Vice-President, Administration
Treasurer

COLIN M. EVANS
Vice-President

JASON B. LEASK
Vice-President

ARTHUR R. MORISON
Comptroller

LESLIE TRELOAR
Secretary

General counsel

GEORGES DUBÉ

Subsidiary companies

Bennett Paving & Materials Limited
Canadian Ashland Exploration Ltd.
Canadian Williston Leaseholds Ltd.
Columbia Bitulithic Ltd.
Deschenes Construction Ltd.
Deschenes Structures Limited
Dibblee Construction Company, Limited
Eastern Bitulithic Limited
Franceschini Bros. Construction Limited
Hub City Paving Ltd.
A. H. McCoy Construction Company Limited
Northland Bitulithic Limited
TBG Contracting Ltd.
Towland-Hewitson Construction Limited
Towland (London) 1970 Limited
Twin Bridges Aggregates & Transport Ltd.
Vermilion Consolidated Oils Limited
Warren Bitulithic Limited
Warren (Maritimes) Limited
Wells Construction Ltd.
Whitehall Leaseholds Ltd.

Operating divisions

Oil & Gas Division

1800 Standard Life Building
639-5th Ave. S.W.
Calgary, Alberta T2P 0N1

Asphalt Paving & Materials Division

1900 Travelers Tower
400 University Ave.
Toronto, Ontario M5G 1S5

Regional Offices:

Little Harbour Road, New Glasgow
Nova Scotia

72 Ashwarren Road, Downsview, Ontario

10519-115 Street, Edmonton, Alberta

Granville Island, Vancouver
British Columbia

Valvoline Oil Canada Division

31 Industrial Street, Toronto, Ontario

421 No. 3 Road, Richmond, British Columbia

1270 Rue Nobel, Boucherville, Quebec

Chemical Division

1900 Travelers Tower
400 University Ave.
Toronto, Ontario M5G 1S5

Resin & Chemical
1275 Castlefield Avenue
Toronto, Ontario

Industrial Chemicals & Solvents
150 Bronoco Avenue
Toronto, Ontario

Attractively adorned with exposed aggregate terraces and substructures, Portage Bridge links Ottawa with neighbouring Hull. The structures and associated roads were completed for the Canada Department of Public Works by subsidiaries Dibblee Construction Company, Limited and Deschenes Structures Limited

Ashland

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